

OKLAHOMA CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
P.O. BOX 52000
OKLAHOMA CITY, OK 73152-2000
(Rule 165:10-3-1)

API NUMBER: 039 22423

Approval Date: 01/09/2014

Expiration Date: 07/09/2014

Straight Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 05 Twp: 13N Rge: 16W County: CUSTER
SPOT LOCATION: N2 N2 SW NW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 1240 660

Lease Name: MUNO Well No: 1-5 Well will be 660 feet from nearest unit or lease boundary.

Operator Name: SANGUINE GAS EXPLORATION LLC Telephone: 9184964774 OTC/OCC Number: 21381 0

SANGUINE GAS EXPLORATION LLC
PO BOX 700720
TULSA, OK 74170-0720

RICKY L. MUNO
604 S. 6TH
CLINTON OK 73601

Formation(s) (Permit Valid for Listed Formations Only):

Name	Depth	Name	Depth
1 DOUGLAS	7789	6 CLEVELAND	9955
2 TONKAWA	8225	7 OSWEGO	10787
3 WADE	8862	8 CHEROKEE	11410
4 COTTAGE GROVE	9125	9	
5 MARCHAND	9640	10	

Spacing Orders: 104183
202433

Location Exception Orders: 617566

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 12100

Ground Elevation: 1695

Surface Casing: 900

Depth to base of Treatable Water-Bearing FM: 400

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

PIT 1 INFORMATION

Approved Method for disposal of Drilling Fluids:

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 20000 Average: 5000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is AP/TE DEPOSIT

Pit Location Formation: TERRACE

D. One time land application -- (REQUIRES PERMIT)

PERMIT NO: 14-26152

H. CLOSED SYSTEM=STEEL PITS PER OPERATOR OPTION

Additional Surface Owner

Address

City, State, Zip

SUSAN K. SCOTT

138 RIDGETOP COURT

DECATUR, TX 76234

MR. AND MRS. CLARENCE MUNO

10050 US HIGHWAY 183

ARAPAHO, OK 73620

This permit does not address the right of entry or settlement of surface damages.

The duration of this permit is SIX MONTHS, except as otherwise provided by Rule 165: 10-3-1.

Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

Notes:

Category	Description
DEEP SURFACE CASING	1/9/2014 - G71 - APPROVED CONTINGENT ON NOTIFYING OCC FIELD STAFF IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING
FRAC FOCUS	1/9/2014 - G71 - THE REQUIREMENT FOR CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS WILL BE EXTENDED TO INCLUDE ALL NON-HORIZONTAL WELLS FOR HYDRAULIC FRACTURING OPERATIONS BEGINNING JANUARY 1, 2014. REFER TO OCC RULE 165:10-3-10 FOR COMPLIANCE REQUIREMENTS. PLEASE REPORT DIRECTLY TO FRACFOCUS USING THE FOLLOWING LINK HTTP://FRACFOCUS.ORG/ OR FOR OCC ASSISTANCE CONTACT DENNIS NISKERN AT 405-522-2977 OR D.NISKERN@OCCEMAIL.COM
LOCATION EXCEPTION - 617566	1/9/2014 - G30 - (I.O.) 5-13N-16W X104183 DGLS, TNKW, CGGV, CLVD, OSWG, CHRK X202433 WADE, MRCD COMP. INT. NCT 1000 FNL, NCT 600 FWL SANGUINE GAS EXPLORATION, L.L.C. 10/30/13
SPACING - 104183	1/9/2014 - G30 - (640) 5-13N-16W EST DGLS, TNKW, CGGV, CLVD, OSWG, CHRK, OTHERS
SPACING - 202433	1/9/2014 - G30 - (640) 5-13N-16W EST WADE, MRCD